

The European Neighbourhood Policy

Fiches on Partners

These fiches, which describe the objectives and successes of the European Neighbourhood Policy in supporting partners' reform processes, were prepared for internal purposes but are being made publicly available on the occasion of the ENP Conference on "Strengthening the ENP", 3 September 2007.

European Neighbourhood Policy
Supporting reforms in Armenia

EU – Armenia relations: basic facts

- The EU-Armenia **Partnership and Cooperation Agreement (PCA)** entered into force in July 1999, with the goal of promoting respect for democracy, rule of law and human rights, as well as market economy reforms, trade liberalisation and cooperation in a wide number of sectors.
- The **ENP Action Plan** was adopted on 14 November 2006 and its implementation will be monitored and guided i.a. by the PCA Sub-Committees.
- A new Country Strategy Paper and National Indicative Programme for Armenia set priorities for **EC assistance** for the period 2007-13. Under the new ENP Financial Instrument, an indicative amount of **€98.4** million has been allocated for Armenia for the period 2007-10.
- In 2006, €17 m in bilateral **EC assistance** has been allocated for Armenia, for 2007 an amount of €21 m is available.

How does the EU support reforms in Armenia ?

The **reform priorities** identified in the joint EU-Armenia ENP Action Plan are the strengthening of democratic structures and of the rule of law, the strengthening of respect for human rights, support for economic and social development (as well as civil society) and the promotion of regional cooperation in the Southern Caucasus.

Examples of **how the EU has been supporting the reform process in Armenia** include:

- **Policy advice supporting economic, political and social reform and development** through the Armenian European Policy and Legal Advice Centre (AEPLAC).
- **Support in the field of education**, especially in the field of vocational training (one of the priority areas in the country's Poverty Reduction Strategy).
- A **very successful food security programme** (€100m over 10 years) to support the government's poverty reduction efforts by providing budgetary support and technical assistance for key land and agricultural reform, public financial management and social sector reform.
- **Regional development projects** (together with Council of Europe) **and EIDHR projects to support democratic reform.**
- **Support for nuclear safety measures** in order to keep up sufficient safety standards for the country's outdated nuclear power plant (Medzamor). Over a number of years the EU supported the development of a comprehensive energy strategy for the country to strengthen energy security and develop alternative energy supplies.

European Neighbourhood Policy
Supporting reforms in Azerbaijan

EU – Azerbaijan relations: basic facts

- The EU-Azerbaijan **Partnership and Cooperation Agreement** (PCA) entered into force in July 1999, with the goal of promoting respect for democracy, the rule of law and human rights, as well as market economy reforms, trade liberalisation and cooperation in a wide number of sectors.
- The ENP **Action Plan** was adopted on 14 November 2006 and its implementation will be monitored and guided i.a. by the PCA sub-Committees.
- A new Country Strategy Paper and National Indicative Programme for Azerbaijan have outlined the priorities for EC assistance for the period 2007-13. An indicative amount of **€92 million** has been allocated for Azerbaijan for the period 2007-10.
- In 2006, **€22 m** in EC assistance was allocated for Azerbaijan and a further €19m is planned for 2007.
- Azerbaijan is a strategic partner for the EU on Caspian oil and gas resources both as a producer and as a transit country. A Memorandum of Understanding on energy cooperation was signed in November 2006.

How does the EU support reforms in Azerbaijan ?

The **reform priorities** identified in the joint EU-Azerbaijan ENP Action Plan include strengthening state structures, support to economic and social development (as well as civil society), human rights, democratisation and the rule of law and the promotion of regional cooperation in the Southern Caucasus.

Examples of **how the EU is supporting the reform process in Azerbaijan** include:

- **Improving living conditions** by supporting civil society and working with local governments to provide drinking water to remote villages, implement community based health care, strengthen consumer rights and develop the tourism sector. The EC is also assisting in **demining activities** in the Fizuli region to make room for new settlements for many of the 200 000 internally displaced persons living in the area, as well as aiding mine victims and providing mine-risk education.
- **Supporting institutional, legal and administrative reforms** e.g. helping to reform the social benefits system, and **fostering trade and tourism while simultaneously increasing security** and preventing the movement of criminals and trafficking in human beings by supporting the restructuring of the customs code and modernizing the border guard service.
- Support for **economic development** e.g. through developing a national vocational education and training strategy, restructuring the Ministry of Economic Development and Ministry of Energy, and strengthening the regional economy and Azerbaijan Investment and export Agency.

European Neighbourhood Policy Supporting reforms in Egypt

EU – Egypt relations: basic facts

- The EU-Egypt **Association Agreement** entered into force in June 2004, replacing an earlier 1977 Cooperation Agreement. The Association Agreement provides a framework for the political, economic and social dimensions of the EU-Egypt partnership, with a main goal to create a free trade area over a period of twelve years and to help to increase economic growth.
- The **ENP Action Plan was agreed in March 2007**. The ENP Action Plan identifies reform priorities (and their sequencing) within Egypt's own agenda of political, social and economic reforms.
- In 2006, €127 m in **EC assistance** was allocated for Egypt and a further **€137m** is planned for 2007, to focus on the political, social and economic reforms in line with the ENP Action Plan.
- Egypt is an important energy partner of the EU as an oil and gas producer and, due to its strategic position, for transit of energy resources from the Persian Gulf to markets through the Suez Canal and the Sumed (Suez-Mediterranean) oil pipeline.

How does the EU support reforms in Egypt ?

The **reform priorities** identified in the joint EU-Egypt ENP Action Plan are: to improve quality of life and living standards; increase employment opportunities and reduce unemployment; reduce poverty and expand the coverage of social security; eradicate illiteracy and develop education; consolidate the role of institutions promoting the protection of human rights and fundamental freedoms; continue maintaining and ensuring judiciary independence; expand participation in political life; enhance human resources and institutional capacity building; increase rates of economic growth and investment; increase female participation in development; achieve a significant expansion in production and export capacities; improve industrial potential; promote innovation.

Examples of **how the EU is supporting the reform process in Egypt** include:

- €100m in EC support for the Government's Education Enhancement Programme, also working with the World Bank. This programme aims at **improving the basic education system** in Egypt, with a particular focus on educationally-underprivileged geographical areas. It helps to improve access and equality, in particular for girls. Quality has also been improved, in terms of both teaching and learning, by training 1500 teachers and supplying computers and related training to 1000 schools – reducing by half the number of school drop-outs.
- Support to **customs reforms**. Through an EC Trade Enhancement Programme involving policy advice and technical assistance, customs procedures are being simplified and modernised.
- Since the entry into force of the Association Agreement in 2004, **bilateral trade between Egypt and the EU has increased** both in terms of Egyptian exports to the EU (up 20.7% in 2005) and EU exports to Egypt (up 12.3% in 2005). The EU is Egypt's largest trading partner, representing more than 40% of Egypt's total trade with the rest of the world. Increasing Egyptian exports, which is the top economic and reform priority in Egypt, generates benefits in terms of **employment and growth**.

<p style="text-align: center;">Neighbourhood Policy</p> <p style="text-align: center;">Supporting reforms in Georgia</p>
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EU – Georgia relations: basic facts

- Relations between the EU and Georgia are based on the **Partnership and Cooperation Agreement (PCA)** which entered into force in July 1999. The agreement aims at promoting respect for democratic principles, the rule of law and human rights, as well as market economy reforms, trade liberalisation and cooperation in a wide number of sectors.
- An **ENP Action Plan** was adopted on 14 November 2006, with the aim of further strengthening the economic integration of Georgia with the EU. Its implementation will be monitored and guided through the relevant PCA institutional mechanisms such as the joint PCA sub-Committees.
- Since 1992 Georgia has received a total amount of about €505 million of **EC assistance** (mainly Tacis, Humanitarian Aid, Macro-financial Assistance, rehabilitation programmes in conflict zones, Rapid Reaction Mechanism). Tacis funds to Georgia in 2006 amounted to €20 million (out of a total of € 71 million).
- A new Country Strategy Paper and National Indicative Programme for Georgia set up the guidelines for **EC assistance** to Georgia for the period 2007-13. Under the new **ENP Financial Instrument (ENFI)**, an indicative amount of €120m was allocated for Georgia for the period 2007-10. The ENFI indicative allocation for 2007 is €24 million.

How does the EU support reforms in Georgia ?

The **priorities** jointly identified in the EU- Georgia ENP Action Plan are: support for democracy and governance reforms, economic development and poverty reduction; cooperation on the reform of the judiciary, border management; regional cooperation; peaceful resolution of internal conflicts.

Since the 2003 'Rose revolution', the Georgian government has started a programme of economic and legislative reforms aimed at transforming the country in a modern, market oriented democracy. The reform process is being supported by the ENP Action Plan implementation, as there is a good convergence between the ENP Action Plan's objectives and the government's reform agenda. Through the diplomatic activity of its Special Representative for Southern Caucasus and the financing of rehabilitation programmes, the EU actively supports the peaceful resolution of Georgia's internal conflicts in Abkhazia and South Ossetia. Georgia is also an important transit country for Caspian oil and gas resources.

Examples of **how the EU is supporting the reform process in Georgia** include:

- Supporting the full establishment of the **rule of law**, which is crucial both for consolidating democracy and for fostering a favorable climate for business and investments. A one-year EU EUJUST THEMIS advisory mission in 2004-2005 has helped Georgia to draw up a comprehensive blueprint for reforming the country's criminal justice system. The implementation of this strategy is being assisted

through EC-funded projects, including supporting the reorganization of the prison system, the reform of the public prosecutor office, the establishment of a civil register (to be used for voters' lists and also to tackle corruption) and a free legal aid system.

- The EC is the largest international donor in both the South Ossetia and Abkhazia conflict zones. Programmes are designed to benefit both communities in conflict. In **Abkhazia**, €10 million of EC assistance has been provided for rehabilitation of the Enguri hydro-power complex. A €4 million package has supported an infrastructure rehabilitation programme, the development of local economic activities and confidence-building measures involving non-governmental organisations (NGOs). In **South Ossetia**, a €2.5 million programme (part of a €7.5m package) of infrastructure and shelter projects is being implemented. In 2006 the EU contributed with additional €2 million to a multi-donor programme managed by the OSCE for the implementation of rehabilitation and economic development projects identified through a joint Ossetian-Georgian need assessment study.
- Through the "**Food Security Programme**" (€91m of EC funds channelled into the national state budget since 1996) the European Commission has successfully provided an impetus for key reforms in sectors that directly impact on food security, poverty reduction and public expenditure management. This includes the elaboration of a medium-term development plan for agriculture which focuses on certain areas (tea, wheat, wine, mechanisation services, etc.) and the social sector, statistics and public finance.

European Neighbourhood Policy
Strengthening bilateral relations with
Israel

EU – Israel relations: basic facts

- The EU-Israel **Association Agreement** entered into force in June 2000, replacing an earlier 1975 Cooperation Agreement. The Association Agreement includes free trade arrangements for industrial goods and concessions on trade in agricultural products, on which a separate agreement entered into force in 2004.
- The **ENP Action Plan** was adopted in April 2005 and two rounds of meetings have already taken place for most of ten subcommittees (which monitor and guide implementation). The third round of meetings will start in October 2007.
- In 2007, a small amount (€2m) of **EC assistance** will be provided to support activities for the implementation of the Action Plan priorities, mainly in the form of institutional cooperation.

How does the ENP deepen the EU-Israel relationship?

The EU-Israel ENP Action Plan opened up new possibilities for developing EU-Israel relations by setting out a wide range of areas for greater cooperation including: promoting peace in the Middle East; tackling racism, anti-Semitism, and xenophobia; stepping up cooperation in the fight against terrorism and proliferation of weapons of mass destruction; tackling human-trafficking, organised crime and migration issues; upgrading political cooperation; encouraging the approximation of Israeli legislation to that of the EU as a means of opening the EU internal market to Israel; and pursuing greater liberalisation of trade, services and agriculture. The EU is also working with the Israelis towards establishing a bilateral agreement on higher education.

Israel and the EU are reaping the benefits from the ENP, for example:

- **The Action Plan deepens political dialogue** inter alia working together with the EU, bilaterally and as a member of the Quartet, with the objective to reach a comprehensive settlement of the Israeli/Palestinian conflict: the EU Border Assistance Mission in Rafah (whose mandate has been extended to May 2008) is the most visible example of a new area of co-operation agreed under the ENP in November 2005.
- Strengthened **EU-Israel co-operation in the fight against terrorism**, with increased dialogue and exchange of information and an agreement to cooperate in all international fora: In June 2007, Israel hosted a seminar on “**Radicalisation and Recruitment of Terrorists - Analysis and Prevention**”, an issue of common concern, with large participation of relevant representatives from both sides.
- Commitments to promote protection of human rights **and to co-operate in the fight against racism, anti-Semitism, xenophobia and Islamophobia**. A second seminar on racism, anti-Semitism, and xenophobia focusing on education related matters will be hosted by Israel in November 2007 to share best practices.

- strengthened co-operation on migration-related issues, fight against organised crime, including trafficking in human beings and police and judicial co-operation.
- Supporting **Israel's further integration** into European economic structures, promotes **liberalisation of trade in services**, in particular financial services; increases co-operation in the fields of customs, technical regulations, sanitary and phyto-sanitary issues; prepares further regulatory approximation in areas of joint interest.
- **Science and technological cooperation** (renewed in July 2007), which allows Israeli researchers, universities and companies to participate in the EU's 7th Framework Research Framework Programme. Israel was the first non-European country to be associated to the EU's **research** framework programme and will contribute approximately €440 million. .
- promoting co-operation in **transport** (e.g. on air, maritime and road safety as well as the EU's satellite navigation project, Galileo, in which Israel participates since July 2004), **energy** (convergence towards the principles of the EU internal electricity and gas markets, development of networks and regional co-operation) and **science & technology** (use of new technologies, strengthening scientific and business links).
- Strengthened environmental cooperation, through work on promoting policies and actions on **environment protection**, including on **climate change** and water pollution.
- ENP intensifies co-operation in the field of higher **education**. Since 2007, Israel is eligible to participate in the TEMPUS IV programme; furthermore, from this academic year, Israeli university students at all levels will benefit from the scholarships of the widened Erasmus Mundus ("Neighbourhood Scholarships").

European Neighbourhood Policy

Supporting reforms in Jordan

EU – Jordan relations: basic facts

- The EU-Jordan **Association Agreement** entered into force in May 2002 and aims to create a free trade area between the EU and Jordan over twelve years and to help increase economic growth and business.
- The **ENP Action Plan** was adopted in June 2005. Several sub-committee meetings have been activated to monitor implementation of the action plan for the different sectors. These meetings were useful for deepening sectoral dialogue, identifying priorities and focusing financial assistance on these priorities. Jordan was the first ENP partner to establish a sub-Committee on human rights and governance. The third round of these sub-committees will start in September 2007.
- For the period 2007-2010, €265 million of **EC assistance** are allocated to Jordan, to focus on the reform priorities agreed in the ENP Action Plan.

How does the EU support reforms in Jordan ?

The ENP Action Plan is a useful tool to support the national reform process, articulated in Jordan's ambitious ten-year National Agenda and the initiative *We are all Jordan*.

Examples of **how the EU is supporting the reform process in Jordan** include:

- Facilitating the **reduction of the budget deficit by increasing revenues and better managing expenditure**. With EC support to fiscal reform, the fight against tax evasion and the reform of the tax administration led to an increase of revenues. On the expenditure side, financial resources can now be more efficiently allocated.
- Helping to achieve **universal and equal education for all segments of society**, especially in underprivileged areas, through the provision of budgetary support for the reform of the education sector. With EC assistance, Jordan is providing early childhood education in rural areas and supporting economically disadvantaged families.
- Promoting **gender equality, democratisation** and **protection of human rights** by strengthening the role of civil society organisations. The EC is helping the government to consult civil society more effectively and provides direct support to organisations that promote women's participation in political and economic life, labour rights, awareness raising on human rights.
- Helping to improve **good governance** through technical assistance in support of the Jordanian **anti-corruption** strategy by setting-up an anti-corruption commission, as well as advice to improve its external audit capacity in line with international and EU standards.
- Helping the Ministry of **Environment** to set up good environmental governance by improving the relevant institutional and legislative frameworks
- Building **scientific links between the Jordanian and European researchers**, so they can work together in international research projects
- Helping to **develop trade between the EU and Jordan** by facilitating convergence with EU standards e.g. on industrial goods, to improve access of these products to the EU market.

European Neighbourhood Policy
Supporting reforms in Lebanon

EU – Lebanon relations: basic facts

- The EU-Lebanon **Association Agreement** entered into force in April 2006 and sets a framework for political dialogue, economic policy cooperation, the gradual establishment of a free trade area, and cooperation on social issues.
- The **ENP Action Plan** was adopted on 19 January 2007 and is an opportune tool for supporting Lebanon's own programme of democratic and economic reform. The relevant sub-Committees (which monitor and guide implementation) are now being established and made operational.
- In 2006, €32m in **EC assistance** was allocated for Lebanon to focus on the reform priorities agreed in the ENP Action Plan and for reconstruction, and a further €50m is planned still for 2007. (An additional €91m in EC funding was provided in 2006 following the conflict in the summer). Another €50m will be allocated for projects in areas of common interest in 2008.

How does the EU support reforms in Lebanon ?

Through the ENP, EU-Lebanon relations will enter a new and more intense phase, covering a much broader spectrum of co-operation. The focus in coming years will be on supporting the reconstruction of the country after the 2006 military conflict and on strengthening institution-building. The agreed reform priorities contained in the ENP Action Plan remain relevant for the medium and long term reform of the country, and complement the broad reform programme of the government as presented in Paris in January 2007.

Examples of **how the EU is supporting the reform process in Lebanon** include:

- **Support for low-income groups:** Working with the Lebanese Government's Council for Development and Reconstruction, through a multi-year €25m Economic and Social Fund for development, the EU is helping to improve the economic and social conditions of low-income groups through support for local development and job-creation, including through micro-credit programmes. The project is an example of good cooperation with the Lebanese government.
- **Working on local development:** Some €37m has already been spent on local development projects (involving around 200 rural municipalities). The EC helps local actors (bringing together local administration, civil society and business) to develop medium and long-term development plans and supports the financing of some of the projects (such as waste water treatment, tourism, creation of public spaces). The project will be expanded in order to put more emphasis on municipalities and local communities affected by the conflict.
- **Helping the civil service with reforms:** €12m in assistance to support the civil service and other public institutions that will be involved in implementing the Association Agreement, including provision of European experts, through the 'twinning' programme, in fields such as enhancing consumer protection, developing the training capacity for the judiciary and improving the customs service.

- **Reinforcing the capacity of the police and the judiciary** to deal with all types of crime with €7m worth of technical assistance and material.
- **Supporting civil society:** A €3m programme, working with the Government and non-governmental organisations on governance issues such as promotion of good citizenship, intercommunity dialogue and providing legal support to vulnerable persons such as migrant workers and refugees.
- **Support for Palestinian refugees** in Lebanon, mostly in UN-run refugee camps. EC-funded projects to support refugees are implemented by European NGOs and the UN Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA). This includes providing shelter and support to socio-economic development, vocational training and temporary employment, university scholarships, health and food aid. The latest decisions concern humanitarian aid to Palestinian refugees from the Nahr Al Bared camp, which has witnessed in the past 3 months the worst internal conflict in Lebanon since the civil war.

European Neighbourhood Policy Supporting reforms in Moldova

EU – Moldova relations: basic facts

- The EU-Moldova **Partnership and Cooperation Agreement** entered into force in July 1998 and sets a framework for trade liberalisation, legislative harmonisation, cooperation in a range of sectors and political dialogue.
- The joint **ENP Action Plan** was adopted in February 2005 by the EU-Moldova Cooperation Council. The Action Plan is an opportune tool for supporting Moldova's own programme of democratic and economic reform and is now at the centre of the government's domestic reform programme.
- The **EC assistance** focuses on the reform priorities agreed in the ENP Action Plan and increased fourfold between 2003 (€10m annually) and 2007 (€40m annually). A further significant increase (most significant of any ENP country) is foreseen for the next four years (over € 250 million in total). Aid per capita for Moldova will be almost €15 per person per year, which is the highest in the region after the occupied Palestinian territories.

How does the EU support reforms in Moldova?

The objectives of the ENP Action Plan are to strengthen the institutions guaranteeing democracy, rule of law and respect for human rights, as well as promoting economic reform and improving living conditions. It supports efforts to achieve a lasting resolution of the Transnistria problem. Other priorities for relations with Moldova include strengthening of institutions, reforming the judiciary, improving the business climate, ensuring respect for freedom of expression and media, and cooperating on issues such as border management, migration and the fight against trafficking, organised crime, corruption and money laundering.

Examples of **how the EU is supporting the reform process in Moldova** include:

- Helping to build capacity in the Moldovan public administration and supporting the strengthening of public financial management systems in line with EU best practice.
- Helping the poor segments of the Moldovan population to cope with the increases in gas prices, through the provision of budgetary support helping the government to strengthen social compensation schemes.
- Through joint programmes with the Council of Europe to improve the **rule of law**, the independence of the judiciary and respect for human rights in Moldova.
- **Trade access to the European market** through the generous trade preference scheme known as GSP+ (Generalised System of Preferences Plus), and by working towards Autonomous Trade Preferences which would mean that the EU lifts trade tariffs for certain Moldovan products. The EU is also providing technical support for improvements to health and phyto-sanitary systems which would allow Moldovan food products access to the EU market.
- **Agreements on visa facilitation and readmission** that will facilitate visa procedures, whilst at the same time fight illegal migration (initialled in April 2007).
- Opening of a Common Visa Application Centre in Chisinau on 25 April 2007 – to simplify procedures for the issuing of visas to Moldovan citizens.

- **Through an EU Border Assistance Mission (EUBAM)** which is helping to ensure transparent management of the Moldova-Ukraine border, improving customs services and increasing revenue. The Mission was recently extended until November 2009.
- By helping the Moldovan government to respond to the **recent drought**, by contributing nearly €40m directly to the Moldovan State Budget in various forms of EC assistance, within the next six months.
- By an **increased EU presence**, visibly supporting Moldova's efforts to implement the Action Plan. This includes the opening (October 2005) of a full European Commission Delegation in Chisinau, the appointment of an EU Special Representative for Moldova (Kalman Mizsei) and the EU's involvement as an observer in multi-party negotiations on the Transnistria question. By hosting, jointly with the World Bank, a Donors' Meeting on Moldova in Brussels in December 2006, at which donors indicated financial support of almost €1 billion for Moldova over the next three years.

European Neighbourhood Policy
Supporting reforms in Morocco

EU – Morocco relations: basic facts

- The EU-Morocco **Association Agreement** entered into force in March 2000 replacing an earlier 1976 Cooperation Agreement. A bilateral reinforced political dialogue framework has also met in 2004, 2005 and 2006. At the EU-Morocco Association Council of 23 July 2007, it was decided to set up a working group with a mandate to examine new ways to deepen the partnership.
- The **ENP Action Plan** was adopted in July 2005 and the relevant sub-Committees (which monitor and guide implementation) meet regularly. These committees deal with internal market issues, industry, trade and services, transport, environment and energy, research and innovation, agriculture and fisheries, customs, justice and security, migration and social affairs, as well as macroeconomic issues. On 16 November 2006, the EU and Morocco held the first meeting of the newly established Human rights, democracy and governance sub-committee.
- In 2005-2006, €275 m in **EC assistance** was allocated for Morocco and a further €190 million is planned for 2007, to focus on the reform priorities agreed in the ENP Action Plan. The EC has earmarked €654 m for the 2007-2010 period.
- Morocco plays a role in the EU's security of energy supply by transiting Algerian gas to Europe. In July 2007, Morocco and the EU signed a joint declaration aiming at strengthening cooperation on energy, notably with a view to the progressive integration of Morocco into the EU's internal energy market.

How does the EU support reforms in Morocco?

The priorities of the EU-Morocco ENP Action Plan are the development and implementation of policies and measures designed to promote economic growth, employment and social cohesion, reduce poverty and protect the environment. Implementation of the Action Plan takes account of the necessary balance between accelerating the process of opening and modernising the Moroccan economy and the long term goal of achieving sustainable socioeconomic development.

Examples of **how the EU is supporting the reform process in Morocco** include:

- **Aviation agreement:** will allow EU or Moroccan companies to fly to the other's territory. This will boost competition, reduce fares and improve choice for consumers, while helping Morocco to build its tourist industry and provide employment for its people
- **Fisheries agreement:** This agreement will give EU fishing vessels opportunities for fishing in Moroccan waters, with the EU in return providing technical and financial assistance for the modernisation of the sector in Morocco;
- **Strengthening border management:** A twinning programme provides the best EU practice and experience for training Moroccan border forces so as to control

better illegal immigration flows that pass through Morocco. This is complemented by financial support to purchase equipment for border guards and customs authorities, train security forces and reinforce the administrative capacity of relevant Moroccan bodies.

- **Helping with reform of the tax system:** a comprehensive reform programme that aims to simplify the Moroccan tax system, reduce tax exemptions, and modernise the VAT system. The EU is providing direct budget support to the government for implementation of agreed policy measures.
- Negotiations with Morocco on a **readmission agreement** have reached the final stage.
- **Helping with reform of the road and port transport system:** this programme will allow more private operators in port operations, therefore increasing the choice for companies, reducing handling costs for traders and facilitating trade between Morocco and the rest of the world, including the EU; upgrade the road vehicle fleet and improve road safety.
- **Support for the national action plan on Human Rights:** the EU is providing financial and technical support to institutions involved in the preparation of a national action plan for strengthening human rights in Morocco.
- **Strengthening the export regime for dual use goods:** as part of our shared objective to fight against the proliferation of weapons of mass destruction, this programme will provide EU expertise in order to strengthen Morocco's export control regime.

European Neighbourhood Policy
**Supporting reforms in the occupied
Palestinian territory**

EU – Palestinian Authority relations: basic facts

- The **Interim Association Agreement** on trade and cooperation with the PLO on behalf of the Palestinian Authority is in force since 1997.
- The EU-Palestinian Authority **ENP Action Plan** was endorsed in May 2005. The sub-Committees designed to monitor and guide its implementation have not yet been established
- The political developments in the Occupied Palestinian Territory in 2006 and first half of 2007 have prevented progress with the implementation of the EU-PA Action Plan.
- Since June 2007 the EU has **normalised its relations** with the Palestinian Authority.
- The EU is the **lead donor to the Palestinians**. Its assistance has increased from €500 million in 2005, to €688 million in 2006 and will be even higher in 2007. The growth of this allocation was linked to higher emergency and humanitarian needs due to the deterioration of the political and economic situation, especially in the Gaza Strip.

How does the EU support reforms in the Palestinian Authority ?

The objectives of the EU - Palestinian Authority ENP Action Plan reflect long-standing priorities in EU-Palestinian relations e.g. the pursuit of reforms, namely building democracy and institutions, governance, transparency and respect for human rights, as well as improving the humanitarian and economic situation of the Palestinians.

Examples of **how the EU is supporting the reform process in the Palestinian Authority** include:

- **Significant financial assistance for development and reform** - taking the contributions of the European Community and EU Member States together, the EU provides around €500 million each year to promote stability, economic regeneration and reform, including support for staging elections. The EC made available some €280 million in 2005.
- The strict conditions attached to EU aid and specific technical assistance have contributed to improving the Palestinian Authority's **public finance management**.
- The EC was the first and largest donor for the establishment of an independent Palestinian Election Commission (€18.5 million provided since 2003). This EC support helped to ensure that the presidential and legislative **elections** were held in a free and fair manner.
- EC support for strengthening of rule of law institutions and building the institutions necessary for sustainable government, including sustainable revenue collection and

sound financial management. Some of these initiatives were affected by political developments including the escalation of the Israeli-Palestinian conflict.

- In 2006 and 2007, EC assistance (amounting to €340m in 2006 and higher in 2007) has focused mainly on emergency and humanitarian needs linked to the socio-economic deterioration which followed the fiscal crisis of the Palestinian Authority, the restrictions on movement and access and the escalation of military operations into Gaza and the West Bank. In 2007, after the normalisation of relations with the Palestinian Authority, key reform projects are being resumed, notably in the area of **public finance management and accountability**.
- To scale up efforts to relieve the socio-economic crisis, the EC launched in June 2006 the **Temporary International Mechanism** (TIM). To date, the EC has allocated a total of €365m to TIM, and substantial funds (€135m) were also provided by the EU Member States, bringing the overall EU contribution to over €500m. Some 150.000 Palestinians have received social allowances from the TIM, while 1.3 million people in Gaza will have benefited from fuel deliveries for hospitals and water supply and sanitation.

European Neighbourhood Policy
Supporting reforms in Tunisia

EU – Tunisia relations: basic facts

- Tunisia was the first Euromed-Partner to conclude an **Association Agreement**. It entered into force in March 1998, with the goal of cooperation on a wide range of issues including strengthened political dialogue, trade, economic, social and cultural issues. The goal is the establishment of an EU-Tunisia free trade area by 2010. Tunisia is the most advanced Mediterranean partner in this regard, having started dismantling tariffs already in 1996.
- The **ENP Action Plan** was adopted in July 2005 and in 2006 the sub-Committees, dealing with Economic dialogue, Agriculture and Fisheries, Research and Innovation, Transport, Energy and Environment, Customs Cooperation Committee have met. In 2007, sub-Committees dealing with Agriculture and Fisheries, Industry, Trade and Services have met.
- In 2006, €72m in **EC assistance** was allocated for Tunisia and a similar amount is planned for 2007, to focus on the reform priorities agreed in the ENP Action Plan

How does the EU support reforms in Tunisia?

The EU-Tunisia ENP Action Plan covers political, economic, commercial, justice, security and cultural cooperation. Tunisia has made less progress on political issues, as evidenced by slow preparations for a subcommittee on human rights and democracy, slow progress on freedom of association and expression, and on implementing the programme for modernizing the justice system.

Examples of **how the EU is supporting the reform process in Tunisia** include:

- Through support to improving **social progress**. The EC is heavily involved in improving the **education system**, from primary to university. In these areas, the EC supports the introduction of new teaching methods, the training of teachers, the development of universities and vocational training centres, allowing Tunisian students to study in the EU, etc...Another important area is that of support to the reform of the **sickness insurance** system in order to expand its coverage of the population, especially the least well off, as well as improvements in the quality of public and private **health care** provision.
- Through various programmes supporting the **restructuring and modernisation of Tunisian economy**, the EC helps Tunisia to give job opportunities for its citizens and take advantages of trade possibilities with Europe. Both EU and local expertise was provided to over 10% of Tunisian companies to help them to align with European practices and standards e.g. in terms of innovation, competitiveness and quality standards, and also to improve the capacity of Chambers of Commerce and employers' organisations. Programmes are helping existing businesses to develop as well as to create new

ones. This resulted in better products for Tunisian citizens, higher exports and jobs, etc.

- Involvement in **modernising the ports sector**, supporting measures to improve the functioning of the Tunis port and create new freight and passenger terminals, notably for cruise ships touring the western Mediterranean. This will improve the quality of terminals for the increasing number of visitors discovering the cultural heritage of Tunisia. Tunisia plays a role in the EU's security of energy supply by transiting Algerian gas to Europe.
- Through support for **rural development**, tackling rural poverty and protection of natural resources, for instance by helping the development of local cooperatives and associations managing water supplies, including the improvement or construction of rural dams. This gives poor local population the opportunity to develop a stable source of income, improve the environment through a better utilisation of water and limits migration to towns.

European Neighbourhood Policy
Supporting reforms in Ukraine

EU – Ukraine relations: basic facts

- The EU-Ukraine **Partnership and Cooperation Agreement** entered into force in 1998. It will be replaced by an Enhanced Agreement on which negotiations began in March 2007.
- The **ENP Action Plan**, as well as an extra 10-point list by the EU to maximise its potential, was adopted in February 2005. It provides a comprehensive and ambitious framework for EU-Ukraine relations and reflects a wide range of agreed policy priorities. Seven sub-Committees meet on a regular basis, to monitor and guide the implementation of the broad range of areas covered by the PCA.
- In 2007, €144m in **EC assistance** has been allocated for Ukraine, (€120 million under the National Programme and €22 million from the Governance Facility.) EC National assistance budgets to Ukraine have tripled over the last years (from €40 million in 2002 to €120 million in 2007).)
- Ukraine is a key energy partner of the Union as it transits Russian gas and oil supplies to Europe.

How does the EU support reforms in Ukraine?

The priorities of the EU-Ukraine ENP Action Plan are to promote a stable democracy and prosperous market economy in Ukraine, and to provide support to Ukraine in the reform process, bringing Ukraine closer to the EU.

Examples of **how the EU is supporting the reform process in Ukraine** include:

- Assistance and training in the area of **democratisation, human rights and the rule of law**, supporting and encouraging Ukraine to build upon and further strengthen the achievements of the Orange Revolution, such as democratic elections and freedom of the media;
- negotiations on a deep and comprehensive **free trade area in the framework of the Enhanced Agreement** will start once Ukraine has finalised the WTO accession process – this will give a boost to trade and investment, bring Ukraine closer to the EU and promote Ukraine's economic development. An Action Plan has been developed which, when implemented by Ukraine, would make it possible to conclude an **Agreement on Conformity Assessment and Acceptance of Industrial Products**. The aim is to bring Ukrainian products in line with EU standards, to enable them to enter the EU market;
- Agreements on **visa facilitation/readmission** were signed in June 2007. once concluded/ratified, these agreements will provide substantial facilitations for Ukrainian citizens travelling to the EU and further people-to-people contacts while at the same time fighting illegal migration;

- A Memorandum of Understanding on **energy** was signed in December 2005 and is presently being implemented. This MoU foresees increased cooperation in this area and the potential future integration of EU and Ukraine energy markets – this will increase Ukraine’s ability to introduce crucial reforms in the gas, oil, coal and electricity sectors and help bring the safety of Ukraine’s nuclear power plants in line with international standards;
- The **Border Assistance Mission**, launched in December 2005 helps with management of the Moldova/Ukraine border, including with implementation of the Joint Customs Agreement of 2006. EUBAM assists in addressing issues such as smuggling, illegal trafficking, including of human beings, and also makes a contribution to finding a solution to the Transnistrian conflict.
- Increased EC **assistance** and the use of the EC’s twinning instrument (27 projects approved by the end of 2006 and 12 more requests in 2007) and also, since 2006, TAIEX assistance. This provides more flexibility and increased benefits for Ukraine, as regards the broad range of projects financed by the EC
- Enhanced co-operation on **environment**, in particular on climate change, and on **transport**. where an agreement on a Common Aviation Area is being negotiated.